

T-2239

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of the Secretary
Washington

FEB 17 1966

ORDER NO. 2894

Subject: Departmental Consolidation of Internal Auditing

Sec. 1 Policy. It is the policy of the Department to provide an internal audit system of optimum value and service to all responsible levels of management and to achieve these objectives with maximum economy and greatest return on staff and fund investment.

Sec. 2 Purpose. In the furtherance of the above-stated policy it has been determined that internal auditing in the Department shall be consolidated and placed under direct Departmental supervision. The purpose of this Order is to prescribe the organization and actions by which the consolidation will be effectuated.

Sec. 3 Responsibility. The Office of Survey and Review will be responsible for the organization and operation of the Department of the Interior internal audit.

Sec. 4 Staffing. As soon as practicable but in no event later than June 30, 1966, all audit personnel (including auditors assigned to either internal auditing or contract auditing) on the rolls of Bureaus and Offices shall be transferred to the Office of Survey and Review and constituted the Audit Operations Division.

Sec. 5 Financing. For F.Y. 1967, the Audit Operations Division will be financed by fund transfers from the respective Bureaus and Offices, which transfers will be processed as budget adjustments through the Budget Bureau and the Appropriation Committees. In computing amounts to be transferred, the F.Y. 1967 Bureau and Office estimates for personal services and all other objects related to internal audit activities will be considered. The Director of Survey and Review is directed to perfect a budget applicable to F.Y. 1967 for the consolidated Department operation which will reflect a saving of not less than 25 per cent of the aggregate F.Y. 1967 budget request for all Bureaus and Offices. The Secretary will direct disposition of savings.

Sec. 6 Property. All personal property now assigned to audit and audit-support personnel by Bureaus and Offices shall be transferred to the Office of the Secretary on a non-appropriation-transfer basis. Physical relocation of property to the extent required will be arranged by the Office of Survey and Review in cooperation with affected Bureaus and Offices.

Sec. 7 Records. At such times as may be requested by the Director of Survey and Review, Bureaus and Offices will transfer to the Audit Operations Division all files (including work in process) and reference material pertaining to the audit operation that will facilitate the performance of the internal (or contract) audit function without interruption.

Sec. 8 System of Operations. The Audit Operations Division will operate on a decentralized basis with geographical dispersement of personnel for economy in travel and transportation costs. The audit forces will be divided into appropriate groups according to the major program areas of the Department. This arrangement is designed to permit continuity during the transition period but auditors will be assigned according to an approved Departmental audit program and utilized whenever and wherever necessary to meet Department audit needs.

Sec. 9 Use of Available Staff. The Director of Survey and Review is authorized and directed to utilize all available personnel now on Bureau and Office rolls with minimum adverse impact upon individual employment. This objective can be achieved notwithstanding a net reduction in fund investment in the internal audit function by virtue of the fact that grant auditing, as to which there is not now full staffing, will afford work accommodation to qualified available personnel.

Sec. 10 Audit Policy and Practices. The Audit Operations Division will apply the audit policies, objectives, and procedures emphasized in Part 348 of the Departmental Manual. Emphasis will continue to be placed upon audit effort in functional and operational work areas susceptible to improved efficiency, waste-abatement and other forms of cost reduction. Spot audits which may be required to analyze or verify the reliability of data flows relating to the planning, programming, and budgeting responsibilities of the Department will be performed as requested.

Sec. 11 Special Considerations. (a) A special problem must be resolved in relation to the scope and frequency of concessioner audits which have in the past preempted a major portion of the time and financing of the National Park Service audit staff. The Director of Survey and Review and the Director, NPS, are instructed to develop recommendations

for revisions in present concession audit policies (with due regard to BOB and GAO expressions on the subject), and to present such proposals to the Under Secretary after clearance with the Assistant Secretary for Fish and Wildlife and Parks, and the Assistant Secretary for Administration.

(b) Arrangements must also be perfected for continuity of contract audit activity pertinent to the Office of Coal Research. The Director of Survey and Review is instructed to negotiate a suitable arrangement with the Director, OCR, with the advice and consent of the Assistant Secretary for Mineral Resources and the Assistant Secretary for Administration.

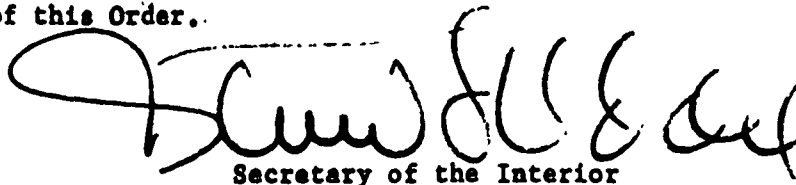
(c) For contract auditing, the Office of Saline Water has customarily used audit services of the military departments. In special cases; e.g., Helium supply contracts, other Departmental uses of DOD and audit staffs have been made. Although there are indications that cost of such services may be increased, it is considered desirable to continue cross servicing arrangements where reliable, timely and economical audit assistance can be obtained. Responsibility for such arrangements is reposed in the Office of Survey and Review in cooperation with the Bureaus and Offices as to which outside audit assistance is justified and required. Charges for such services will continue to be reimbursed directly by the individual Bureau and Office involved and will not be reflected at this time in staff budget adjustments herein provided.

Sec. 12 Master Audit Program. The Director of Survey and Review shall prepare an annual audit program designed to accommodate the widest range of Department interests. In this connection recommended audit subject matter shall be solicited from the Program Assistant Secretaries. The audit program shall also incorporate assignments of administrative interest initiated by the Assistant Secretary for Administration. Notwithstanding these authorized arrangements, the Audit Operations Division will, at all times be available for direct consultation by the Heads of Bureaus and Offices. In addition, the Audit Operations Division will accord high priority to requests originated by Bureau and Office Heads for audit services. The Director of Survey and Review is also authorized and instructed to undertake audit assignments deemed essential on the basis of GAO reviews and BOB studies and other external findings. The program must be sufficiently flexible to permit such audits of an emergent nature as the Secretary, the Under Secretary, or members of the Secretariat may request, including special assignments in relation to the new planning, programming, and budgeting operation.

Sec. 13 Physical Arrangements. With due regard to fund availability, the Director of Survey and Review is authorized in coordination with appropriate Departmental officials to plan and arrange space and other physical facilities to permit the efficient operation of a geographically dispersed audit force.

Sec. 14 Authority for Implementation. The Assistant Secretary for Administration is authorized to make final decisions regarding any questions arising in relation to Sections 4, 6 and 13 hereof and otherwise to take such steps as may be necessary to implement fully the purposes and provisions of this Order.

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Secretary of the Interior